

Message Text

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PAGE 01 MANILA 07455 301346Z

43

ACTION AGR-10

INFO OCT-01 EA-10 ISO-00 EB-07 COME-00 TRSE-00 /028 W

----- 121090

R 300952Z MAY 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3991

UNCLAS MANILA 7455

PASS USDA/FAS

PASS STEPHENS/CEP AND D. WILLIAMS/COT/IMD

E.O. 11652: N/A

TAGS: EAGR, RP

SUBJ: COTTON CONTRACT PROBLEMS

REF: A. TOFAS 70 B. PASTO 84

1. DBP HAS REQUESTED THAT CEP FURNISH A LISTING OF ALL CCC APPROVALS OF L/C'S ISSUED AGAINST THE \$20 MILLION DOLLAR CCC PRIOR TO MARCH 31, 1975. THE LIST SHOULD INCLUDE THE FOLLOWING ITEMS:

1. NAME OF MILL
2. LETTER OF CREDIT NO.
3. NAME OF SUPPLIER
4. VALUE OF L/C
5. NAME OF OPENING BANK

THIS INFORMATION IS NEEDED BY DBP FOR RECONCILING THEIR RECORDS ON INTEREST CHARGES.

2. DBP EXTREMELY DISAPPOINTED AT CCC REFUSAL TO APPROVE L/J'S REQUESTED FOR COTTON TO MILLS WITHOUT CONTRACT PROBLEMS SINCE THOSE L/C REQUESTS TO NY BANKS INITIATED PRIOR TO MAY 8 ASSURANCES AND FACT DBP HAS SUBSTITUTED \$4.2 MILLION IN "FREE DOLLARS"

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PAGE 02 MANILA 07455 301346Z

TO COVER OVERDUE COTTON ON THE ANNEX. UNDERSTAND DBP CABLING

PHIL EMB WASHINGTON TO REQUEST THAT THEY MAKE REPRESENTATIONS TO USDA ASSURING THAT DBP IS LIVING UP TO LETTER OF ASSURANCES BY PROVIDING ADDITIONAL FOREIGN EXCHANGE NEEDED TO COVER OVERDUE CONTRACTS AND THAT TO DENY L/C'S AS REQUESTED OF NEW YORK BANKS BY DBP PRIOR TO MAY 8 WOULD UNECESSARILY COMPLICATE PROCESS OF L/C ISSUANCES.

3. AS REQUESTED IN FASTO 84 DBP WAS ASKED TO IDENTIFY AND PROVIDE LIST OF ALL L/C'S UTILIZING CCC FUNDS AND REQUESTED OF NY BANKS PRIOR TO MAY 8 FOR COTTON NOT ON ANNEX. DBP INDICATED THAT SUBSTANTIAL NUMBER OF SUCH L/C'S HAD BEEN REQUESTED AND THAT THEY WOULD PROVIDE SUCH LIST FIRST PART OF WEEK BEGINNING MONDAY, JUNE 2. WE ASKED THAT THE LIST INCLUDE THE NAME OF THE SUPPLIER, GSM NO., NAME OF THE MILL AND VALUE OF THE L/C REQUESTED. WILL TRANSMIT SOONEST.

4. IN VIEW OF FACT THAT DBP HAS COMPLETELY COVERED OVERDUE CONTRACTS LISTED IN FASTO 70 REF A BY MAKING AVAILABLE \$4.2 MILLION FREE DOLLARS, EMB SUGGESTS THAT U.S.D.A. RECONSIDER THEIR POSITION AND APPROVE L/C'S IN QUESTION ON GROUNDS THAT L/C'S ISSUED PRIOR TO LETTER OF ASSURANCE AND MILLS INVOLVED HAVE NO REPEAT NO OVERDUES. TO DO OTHERWISE WOULD MEAN THAT DBP WOULD HAVE TO REWORK REF A TO UTILIZE THE CCC CREDIT WHICH WOULD FURTHER DELAY THE OPENING OF L/C'S, AND IT WOULD ALSO MEAN WE PREPARED TO INSIST ONE MILL BUY ITS COTTON FROM ANOTHER WHICH IS A VERY BAD PRECEDENT IN ITSELF.
PURNELL

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